

PUBLIC-PRIVATE PARTNERSHIPS: THEORETICAL DEFINITION AND CONCEPTION

Abstract

Public authorities and business structures are actors who play key role in economic and social development not only on country level, but also in regional and local terms. Interplay of these sides might be realized in several forms. One of them is public-private partnership (PPP) which is used to describe popular form of provision of public goods jointly by the state or municipal bodies and private entrepreneurs.

In spite of growing number of researching of public-private partnerships, there is an obscurity in classifying PPP types and to identify this notion clearly among scientists all over the world. However, this kind of cooperation might be considered as an innovative tool for social and economic development on country or regional level. For this reason, it is important to explore the conception of PPP fundamentally.

There are different positions to investigate this term from theoretical and practical views. This situation provides discussion which is continuing in recent years in theoretical papers.

The research methods based on literature review and analysis were applied to define PPP from different aspects in this study. The purpose of this article is to survey diverse meanings attached to a public-private partnerships and related aspects in literature. Authors identified commonalities and differences between them and determined a reason of variety of views for understanding PPP.

Furthermore, different views on PPP meanings are qualitatively compared in terms of the Russian language sources and in foreign literature with understanding of specific aspects of public-private partnerships.

Despite the variety of approaches for investigate and classify this notion there are characteristics which are common for the most part of positions which are described in this paper.

Keywords: public-private partnerships, PPP definition, PPP approaches, conceptual framework

Over the last two decades, PPPs have become an increasingly popular mode for the delivery of public services in both developed and developing countries [27].

Many articles and papers are devoted to the study of PPPs because the concept promises a new way of managing and governing organizations that produce public services. However, this is not a new concept. Numerous examples of history illustrate that there has always been some degree of cooperation between the public sector and the private sector. For instance, the private cleaning of public street lamps in 18th-century England [30]. Despite of that, there have been a lot of discussions about definitions and forms of PPPs and approaches to investigate this notion. Scholars suggest different positions for research public-private partnerships not only theoretically, but in practice, too.

In this article the main object is representation of public-private partnership in theoretical papers. We tried to understand the concept of PPPs and summarized main approaches to define this term theoretically. There are numerous variants and we separated part of them to show key tendencies among authors of Russian language and foreign papers. Thus, the hypothesis consists of two parts: there is still ambiguity in PPP definition and this term is not scrutinized to the bitter end; there is difference in Russian language sources and foreign articles for investigate PPPs in accordance of basic theories. However, we suggest that despite these distinguishes there are commonalities in classifying of forms and specific of cooperation between public bodies and entrepreneurs in partnership framework.

It is useful to start with addressing the key issue what is the meaning of a PPP?

Understanding meanings associated with PPPs can help us to understand what is to be valued, believed in and aimed for [11].

Numerous definitions of public-private partnerships are in use, but there is no single definition of a PPP upon which most academics and practitioners could agree. Hence, we provide few of them, a PPP arises as:

- “financial models that enable the public sector to make use of private finance capital in a way that enhances the possibilities of both the elected government and the private company” [30, p. 546]
- “innovative methods used by the public sector to contract with the private sector, who bring their capital and their ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and an improvement in the quality of life” [22, p. 201];
- “form of business organization with two specific features: consolidation of private and public resources (consolidated enterprise), and facilitation of co-production through improved communication and other uncontrollable benefits” [42, p. 4];
- “working arrangements based on a mutual commitment (over and above that implied in any contract) between a public sector organization with any organization outside of the public sector” [23, p. 200];
- “institutional and organizational alliance between public authorities and business organized for the purpose to realization social projects in broad variety of areas from the development of strategic economic fields to social services on the country or regional level” [24, p. 45];
- “partnership between agents of public sector and business including scientific and educational system organizations purposing to solve problems in the public interests area” [41, p. 313];
- “broadly speaking, PPPs mean that private sectors invest in public goods or services. Narrowly speaking, the behavior, risk, and responsibility of public and private sector entities are also prescribed” [27, p. 64].

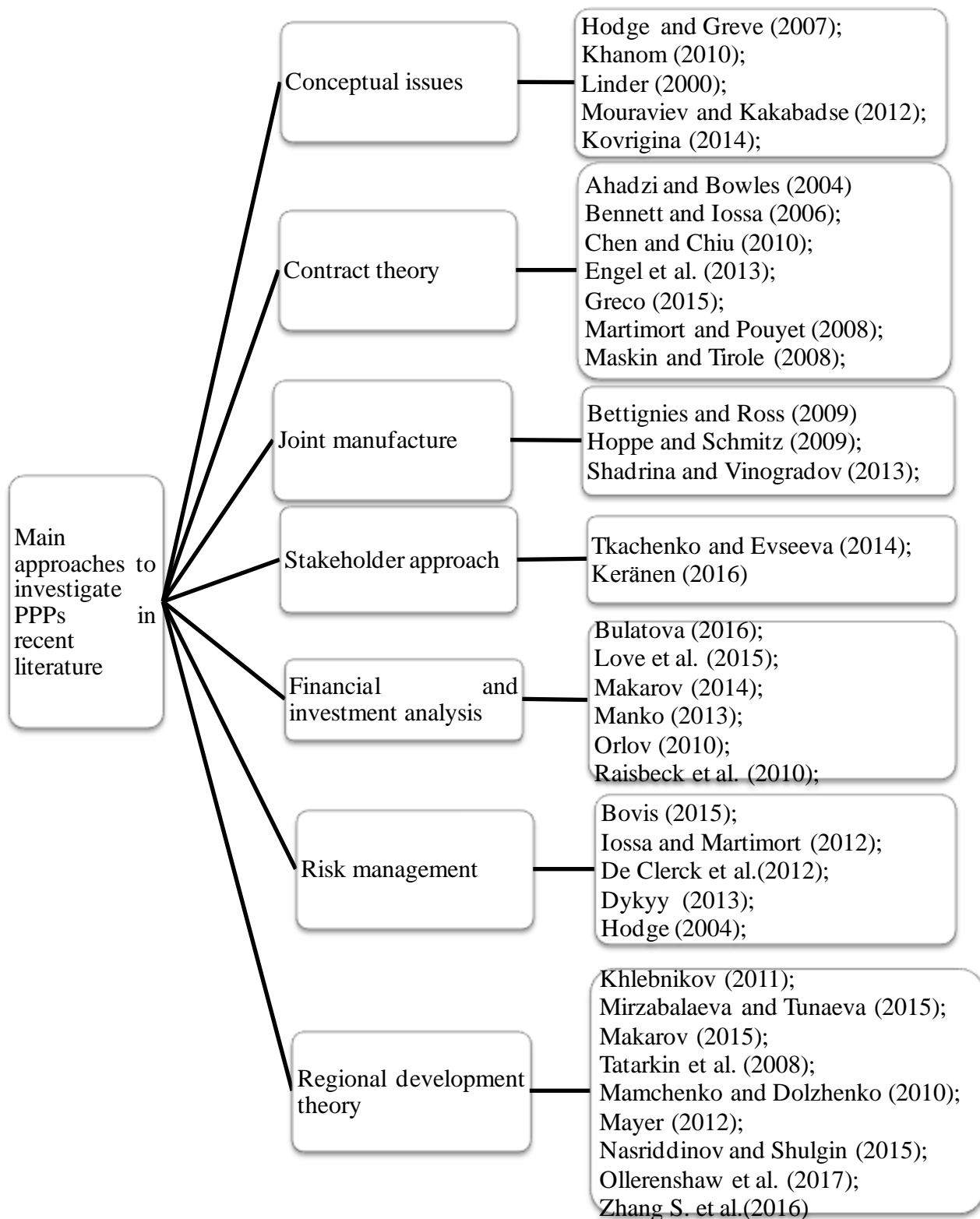
As we can see, each definition captures selected PPP features and different scholars understand this notion in different ways. It illustrates “the existing disagreement in the literature on the nature of PPP, yet agrees on some form of collaboration between the state and the private sector in one project with mutual benefits for both parties” [17, p. 538] Deng et al. define both broad and narrow meanings for PPP concept, Makarov suggests patulous version of the definition and identifies business as a private part of alliance. In opposite, Bovaird adds that this cooperation embraces public sector partnerships with both business and organizations in civil society (including community organizations, voluntary organizations and NGOs) [23].

In this article PPPs is considered as a complex of mid-range and long-term forms of interaction between public bodies and business aimed for solve social significant tasks based on mutually advantageous relations. Notable, instead of giving the complete definition, many scholars pay attention to a selected PPP feature. This specific emphasized the theoretical base selected by authors for investigate this concept.

Many scholars [20, 21, 24, 28, 29, 37, 38] consider PPPs from the contracting theory. From this position PPP is presented as a complex project, for instance infrastructure project which includes many separate tasks (construction and maintenance of the object). Public sector decides to delegate all of these tasks or part of them to private company and tries to find optimal contract form for this operation. From this point of view the synergy effect is rejected because the project is divided into parts [43]. Other authors [25, 33, 43] use alternative approach and suggest to investigate public-private partnership as a joint manufacture or coproduction of a project. This theoretical framework formulates a question which form for production of good is optimal: by public sector, private organization or combined version [43]. Tkachenko I. And Evseeva M. suggests stakeholder approach for investigate and manage PPP projects [34, 16]. They understand “partnership” between public bodies and business as a system of interaction broadly taking into account social interests and necessary to satisfy plenty social and economic needs. These scholars emphasize the role of society implementing in system of bilateral partnership relation. So, public-private partnerships is a

long-term and time-frame confined institutional alliance of government and business aimed for social significant projects under society control based on win-win and relation transparency for all stakeholders of this partnership [16].

There are numerous positions which are used among scholars all over the world. For the sake of brevity we use Picture 1 to show the existing researches and approaches on PPPs.



Pic. 1. Recent literature about public–private partnerships (2000–2017).Source: Summarized by the authors

From Picture 1, most researchers focus on two key theories as a foundation for investigate PPPs: Contract theory and Regional development theory. Literature analysis results show that Contract theory adherents are mostly Western literature authors. This concept generally based on neo-classical theory has been developed in 1970s in Europe and America and now it is in progress as we see in papers of non Russian language authors. This theoretical framework considers failures of propositions about symmetric information, perfect competition, contract and market fullness and absence of transaction costs.

Another widespread approach – Regional development theory is mostly presented by Russian language authors, including Ukrainian [23] and Tadjik [12] experts. In accordance with this concept based on political economy core objects for investigate are regional system of a country generally and separate territories (intraregional). Despite of theory outset was in Western Europe this concept has become popular in Russia and neighbouring countries. PPP is frequent in corresponding papers as a tool for regional economic growth [40] based on territory strategy realization [15].

Public-private partnerships are also investigated from evaluation and analysis of risk [22, 26, 2, 30, 32]. This approach is common in non-Russian literature where risks in PPP projects are studied deeply with empirical methods [21]. At the same time in Russian-language sources it is researched more descriptively [21].

The situation with Financial and Investment analysis approach [20, 36, 24, 27, 12, 14] is similar. Authors define forms and sources for financing PPP projects [24], methodic approach for investment assessment [27] and so forth. All of these papers present approaches in general and some of them are adopted with terms of Russia. Undoubtedly, analysis in detail is proposed in other articles based on case study methodology or including research of unique features of the area where PPP is implemented. Every case with PPP implementing has its own specific and it is impossible to take into account particularity for all fields. Many characteristics of financial and investment analysis depend on the context.

Conceptual issues of PPPs are investigated in many papers but there is not consonance among scholars. Hodge and Greve who are leading authorities, argue that “PPPs are a broad church of many families and it is difficult to judge whether PPPs are the next chapter in the privatization story; another promise in our ongoing attempts to better define and measure public sector service performance; a renewed support scheme for boosting business in difficult times; or a language game camouflaging the next frontier of conquering transaction merchants, legal advisors, and merchant bankers pursuing fat commissions” [30, p. 548]. They suppose that the PPP phenomenon includes all of these meanings.

Mouraviev and Kakabadse classify PPPs in two groups: institutional and contractual forms. Contractual PPPs are presented as a specific project implemented in a public-private collaboration and institutional partnership is existed when a company jointly owned by the government and private investors [39].

This position is similar with angle presented by Kovrigina, who draw attention on two key approaches: a) PPPs as a project with classifying of PPP forms which define contracts types. The first approach is popular abroad but not in Russia. It is aimed to public policy advancement in using PPP as a tool for development on region and country level; b) strategic approach involves PPPs classifying which combine complex of different types of PPP in one project. It creates many individual project structures for effective social and economic development of country and regions [22].

Last expert classification is connected with ideas of Regional economic development theory and it is additional reason to remark special significance of this concept in Russia in comparison with other countries.

Obviously, in addition to the above there are other approaches to investigate PPPs, for instance in the context of regularly and legislative framework [25].

Nevertheless, results of the literature analysis illustrate:

— public-private partnerships concept is still interpreted ambiguously among scholars in spite of presence of conceptual issues papers. It provides place for further researches;

- general approaches which have been used in literature are common for scholars all over the world including Russian-language sources;
- regional development theory approach for investigating of PPPs became current mostly in Russian-language literature and Contract theory approach in foreign language papers;
- financial and investment analysis, Joint manufacture and Risk management approaches are mostly presented in expository in literature because specific features in PPPs implementing in several areas depends on the context.

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КОМПЛЕКСНАЯ ОЦЕНКА НЕОБХОДИМОСТИ ИННОВАЦИОННЫХ ИЗМЕНЕНИЙ РЕГИОНА ВРАМКАХ ПРОЕКТА ТЕРРИТОРИЙ СОЦИАЛЬНО- ЭКОНОМИЧЕСКОГО РАЗВИТИЯ ДАЛЬНЕГО ВОСТОКА РОССИИ

Аннотация

Территории опережающего социально-экономического развития, функционирующие и вновь создающиеся в российских регионах, относятся к категории территориальных «точек» промышленного и инновационного развития, наряду с такими механизмами как кластеры, особые экономические зоны и т.п. Согласно выступлению президента РФ В.В. Путина, особое место в развитии Дальнего Востока должна иметь инновационная направленность компаний и предприятий, входящих в ТОСЭР. На сегодняшний день существует несколько институтов отвечающих за развитие ТОСЭР Дальнего Востока и инноваций на уровне федерации, также дополнительные структуры присутствуют отдельно в каждом регионе и муниципалитете.